

# **CITY OF SAN JOSÉ**

## **MEDICAL & HEALTH CARE RELATED SERVICES**



## ***REQUEST FOR QUALIFICATIONS WITH BUSINESS TERMS***



## **City of San José**

### **Request for Qualifications with Business Terms To Provide Medical & Health Care Related Services In Downtown San José**

#### ***Honorable Mayor and City Council***

Mayor Ron Gonzales  
Vice Mayor Cindy Chavez  
Nora Campos, Member  
Judy Chirco, Member  
David Cortese, Member  
Linda J. LeZotte, Member  
Nancy Pyle, Member  
Chuck Reed, Member  
Forrest Williams, Member  
Ken Yeager, Member

March 2, 2005

For Further Information, Please Contact the San José City Manager's Office:

Mr. Jim Holgersson, Deputy City Manager  
801 North First Street, Room 436  
San José, California 95110

Phone: 408-277-5441

Email: [Jim.Holgersson@sanjoseca.gov](mailto:Jim.Holgersson@sanjoseca.gov)

## **TABLE OF CONTENTS**

### **I. THE OPPORTUNITY**

History  
City Health Care Needs  
Why Do Business in San José

### **II. PROPERTY INFORMATION**

Location  
Site Description  
Property Ownership

### **III. GOALS AND OBJECTIVES**

### **IV. SUBMITTALS**

Qualifications  
Business Terms

### **V. SELECTION PROCESS**

Process  
Evaluation Criteria  
Deadline  
Waiver

### **VI. SCHEDULE**

### **VII. LOCATION/LAND PARCEL MAP**

### **VIII. NEIGHBORHOOD BUSINESS DISTRICT MAP**

### **IX. SAN JOSÉ DEMOGRAPHICS**

### **X. RECOMMENDED WEBSITES**

### **XI. ADDENDUMS**

The following background documents are available for review at City offices should respondents at the interest phase want additional background on property, the need and the greater downtown area.

Addendum A: Strategy 2000: San José Greater Downtown Strategy for Development

Addendum B: City of San José 2020 General Plan

Addendum C: SJMC Closure Impacts Study by Dr. Henry W. Zaretsky & Associates, Inc.

Addendum D: Technical Advisory Addendum to SJMC Closure Impacts Study

## EXECUTIVE SUMMARY

- Background: On December 9<sup>th</sup>, 2004, the Hospital Corporation of America (HCA) closed the San José Medical Center resulting in the loss of vital health care services to residents and workers of downtown San José. Prior to this closure, the San José City Council and the Santa Clara County Board of Supervisors jointly funded a health care study, completed in November 2004, to investigate the impacts of the closure of SJMC. Based on the acute need for health care services and facilities in downtown San José as disclosed in this study, the City of San José seeks to ensure that the SJMC property remains devoted to health care services.
- Potential Opportunity: This Request For Qualifications With Business Terms (RFQ) represents an opportunity to solicit interest from the health care community regarding an area of mounting public concern in San José. The purpose of the RFQ is to elicit substantive submittals that address the current and long-term issues associated with health care in downtown San José.
- Property Information: The official address of the San José Medical Center site is 675 E. Santa Clara Street, San José, California 95112. This is a 13.47-acre, multi-site property located in a redevelopment project area in downtown San José.
- Qualifications: Due to the broad nature of this RFQ, respondents are encouraged to provide any and all information necessary to demonstrate their ability to perform the services as described in their submittal. Interested parties should provide compelling evidence of their ability to legally and faithfully carry out the proposal.
- Business Terms: Respondents to the RFQ should present substantive submittals that outline in detail the business terms necessary for their proposed project to work successfully. The submittal should reflect thoughtful planning, both for the short-term and long-term issues, and include compelling business plans and collaborative strategies where possible. Ideally, submittals will include plans for all of the SJMC properties rather than select parcels only. ***Joint submittals are strongly encouraged.***
- Selection Process: The City will conduct a phased selection process, with each stage subject to the City's discretion:
- Phase 1:* RFQ submittal
  - Phase 2:* Evaluation of submittals by City panel
  - Phase 3:* Proceed to property agreement or RFP as appropriate
- Pre-Submittal Meeting: A Pre-Submittal Meeting with representatives from the City will be held on April 4<sup>th</sup>, 2005, at 4:00 pm at San José City Hall, Conference Room 437, 801 North First Street, San José, California 95110.
- Submittals Due: All Health Care RFQ submittals should be received by **5:00 pm (PST) on May 18<sup>th</sup>, 2005**, at the City Manager's Office Room 436, 801 North First Street, San José, California 95110.
- Interview Dates: The City anticipates interviews will take place from May 31<sup>st</sup>-June 3<sup>rd</sup>, 2005, based on respondent availability.

## **I. THE OPPORTUNITY**

### History:

The San José Medical Center opened in 1923, and it served as a non-profit, general acute care hospital until its acquisition in 1996 by Columbia HCA (now Hospital Corporation of America, HCA). Since HCA's acquisition of the hospital, specialized services were progressively phased out. Shortly thereafter the hospital owner publicly communicated an impending SJMC closure deadline of 2007. SJMC was primarily recognized for the following services:

- Level II trauma center
- Emergency department
- Cancer center
- Pediatric intensive care unit
- Cardiovascular surgery
- Rehabilitation services
- Skilled nursing facility
- Family practice residency program through Stanford University

However, in an unexpected turn of events, HCA announced in September 2004 an accelerated, 90-day closure schedule. In spite of community protest and concern, the San José Medical Center closed on December 9<sup>th</sup>, 2004.

In order to plan for a coordinated hospital transition in 2007 and mitigate negative impacts on the health and safety of San José residents, local officials initiated a research process. The San José City Council and the Santa Clara County Board of Supervisors jointly commissioned the San José Medical Center Closure Impacts Study in summer 2004. While the study was in progress, HCA altered the SJMC closure schedule and consequently pre-empted the study's use for closure transition planning. Nonetheless, the study provided benchmark data for additional health care planning efforts in the downtown area. *(A full review of the SJMC Closure Impacts Study's methodology and scope of the research conducted by Dr. Henry W. Zaretsky and Associates, Inc., are available at the San José City Manager's Office or online at [www.sccgov.org](http://www.sccgov.org).)*

### City Health Care Needs:

A brief review of the health care needs in downtown San José demonstrates that the restoration and retention of medical and health related services on the SJMC site is warranted. Currently the community is facing a net loss of hospital beds. Even with a proposed expansion at Regional Medical Center, the closure of SJMC still results in a net reduction of more than 250 licensed general acute-care beds and two dozen skilled nursing beds. By 2015 hospital bed shortages are deemed likely in San José. Indeed, trends regarding population growth and levels of care could justify a 200-bed hospital downtown by 2020.

The impact on outpatient care is also considerable. With the closure of SJMC and the ensuing tendency for physicians to relocate outside of downtown, local residents will be forced to look elsewhere for over 40,000 visits for non-emergent care annually. The severity of this situation is compounded because many of the City's more vulnerable residents are most affected. San José's seniors, indigent and those without private transportation will find it most difficult to replace not only the services, but also the *access* to services, upon which they once relied.

Moreover, the San José area is experiencing a critical shortage of available nurses. As a significant factor in maintaining the health, safety and wellbeing of its residents, the City seeks to facilitate collaborative workforce training strategies that will increase the number of nursing graduates. Market forecasts indicate there will be a 15% increase in the available number of nursing jobs in the San José area from 2001-2008. However, due to the shortage, from 2001-2004 the San José area has only been able to fill an average of *one third* of the available nursing jobs each year. Although 2004 showed significant increases, the 390 nursing graduates still fell short of the estimated 615 jobs available. It merits mention that the average annual salary of a Registered Nurse in Silicon Valley was \$75,000 in 2003.\* Nursing not only offers a quality occupation possibility for area residents, but it also ensures that quality health care is provided in the San José area. The City seeks creative strategies through the RFQ process that would contribute to the growth of available and affordable nurse training opportunities at local educational institutions.

The impact on downtown businesses should also be recognized. The economic vitality of downtown San José continues to grow, and the synergy generated by

*\*Source: Joint Venture: Silicon Valley Network, 2005 Index of Silicon Valley*

business creation and retention is critical to a vibrant and healthy downtown. The San José Medical Center has exerted a significant presence in the area, contributing to the vitality of *over 130 health care related businesses*, including medical offices, physician practices, pharmacies and medical suppliers. Downtown is also the hub for large local events on a regular basis, and accessible downtown health care for visitors makes San José a more attractive place to do business. Taken together, the businesses that provide health related services reinforce a strong economic climate, which allows the community to prosper and ensures quality of care for residents, workers and visitors alike. It is in San José's best interest economically to restore medical and health care related services in the downtown area.

The City of San José seeks to ensure the health and safety of its residents and, to that end, to facilitate attracting a range of health care related services and functions to the downtown area. Ideally, the proposal would involve the reuse of the San José Medical Center site and surrounding appropriate downtown locations. The specific health care services and functions include, but are not limited to, the following:

- Emergency care
- Urgent care
- Acute care/skilled nursing
- Family practice
- Outpatient specialty care
- Hospital facilities
- Medical related housing, i.e. for nursing students, medical staff, and/or assisted-living units
- Educational collaboratives or training partnerships, i.e. for physician residency programs as well as nursing and paramedic training, classes or internships
- Medical research and development
- Relocation of Fire Station 8 from 802 E. Santa Clara Street to the SJMC site
- Maintenance of existing helipad on San José Medical Center site

This RFQ represents an opportunity to engage an audience of health care professionals around a mounting public health and safety concern. This is an opportunity to describe the variety of health care related needs in downtown San José and, simultaneously, determine the range of health care providers and services available to meet such needs. This RFQ is a public call to evoke creative thinking, collaborative strategies and perhaps new service models to address the current and long-term issues associated with health care in downtown San José.

## Why Do Business in San José:

San José is an innovation and technology incubator. Although the San José area has the largest concentration of technological expertise in the world, with more than 7300 tech companies employing over 300,000 people, its role as an incubator is not limited to computer advancements. San José's legacy of innovation is extending into health care related research and development. Joint Venture, Silicon Valley Network indicates that for the last two years, the Health Care Industry in the San José area has become stronger and posted job gains. The RAND Corporation demonstrates that non-defense federal R&D investment continues to rise in Silicon Valley, specifically from the Department of Health and Human Services and the National Science Foundation. Between 2002-2003, DHHS figures rose 18%, from \$287 million to \$340 million, and funding from NSF increased by 68%, from \$35 million to \$58 million.\* In an effort to complement and keep pace with the direction of medical R&D, the City of San José unveiled a new bioscience center in 2004. Most recently, the State of California has selected San José to be a potential location for the California Institute of Regenerative Medicine for its progressive stem-cell research efforts.

San José remains a cutting edge innovation incubator in part due to the enormous share of venture capital investment it commands. *Over one third* of all venture capital invested in the U.S. is invested in companies in the San José area—approximately \$5 Billion in 2003 alone. According to the PricewaterhouseCoopers/Thomson Venture Economics/National Venture Capital Association MoneyTree™ Survey, approximately one fifth of all venture capital in the San José area was invested in medical devices, equipment and biotechnology.\* Innovators in San José are also committed to the protection of both intellectual and tangible property, and San José has long been the national leader in patent generation. Indeed, more patent holders live in San José than in San Diego and Los Angeles combined.

Besides its recognition as a hub for innovation, San José was voted one of *America's Most Livable Cities* in 2004. This distinction demonstrates that San José is not only a place for new ideas to flourish, but also a city that consistently strives to meet the needs of its residents, workers and visitors alike. The diverse downtown community is home to San José State University, whose student housing expansion will enable one third of their 30,000 annual enrollees to live in downtown San José. One hundred tech companies also call the downtown their home. Indeed, the official locus of city government activities

*\*Source: Joint Venture: Silicon Valley Network, 2005 Index of Silicon Valley*



is also moving downtown. Scheduled to open this year, the new San José City Hall will bring 1,700 city employees together in one building. Downtown San José is also accessible; it is approximately 40 minutes or less from Stanford University, UC Santa Cruz, Santa Clara University and numerous other research institutions and community colleges. San José is less than an hour from the other major cities in the Bay Area, San Francisco and Oakland. Downtown San José also boasts over one hundred restaurants and a plethora of superb arts and entertainment venues. The downtown area is often a flurry of activity, due to Convention Center conferences, numerous annual festivals and San José's selection for special events like eBay Live! and the San José Grand Prix, both happening this summer, and the Dew Action Sports Tour this fall, the first nationally televised professional skateboarding, BMX and freestyle motocross tour.

The City is confident about the economic progress and vitality that characterize the growing downtown area. (*Please refer to Section XIX: Downtown San José Demographics for additional data.*) Given the City's duty to protect the health and wellbeing of those who live, work and play in San José, an RFQ submittal will necessarily involve a creative development agreement that includes innovative health care related ideas, new working collaboratives, and economically viable health care delivery systems appropriate to the needs of downtown San José.

## **II. PROPERTY INFORMATION**

### Location:

The official address of the San José Medical Center site is 675 E. Santa Clara Street, San José, California 95112. This site occupies a total of 13.47 acres in downtown San José, with a main site of 11.13 acres and additional smaller sites totaling 2.34 acres. East St. John and East Santa Clara Streets border the primary site, between North 14<sup>th</sup> and North 17<sup>th</sup> Streets. The four nearby outholdings are situated as follows: one site on East St. John between North 15<sup>th</sup> and North 16<sup>th</sup> Streets, two sites bordered by East St. John and East Santa Clara Streets between North 13<sup>th</sup> and North 14<sup>th</sup> Streets, and one site on the corner of East Santa Clara and North 13<sup>th</sup> Street. (Please refer to the attached land map for parcel details.)

The San José Medical Center property is located within a Neighborhood Business District (NBD). The NBD program targets San José's older commercial neighborhoods for new investment, physical improvements, business creation and

retention, and the establishment and support of business associations. Over twenty years ago, the San José Redevelopment Agency designated a 2-mile commercial street from Seventh Street to Highway 101 as the East Santa Clara Street Business District. *(Please refer to the map in Section VIII.)* At the time of its closure SJMC served as the anchor of the East Santa Clara NBD. Its considerable presence contributed to the vitality of **over 130 health care related businesses**, including medical offices, physician practices, pharmacies and medical suppliers. The East Santa Clara NBD represents a successful revitalization effort that has strengthened and improved businesses that serve the needs of the residents, workers and visitors who enjoy downtown San José.

#### Site Description:

According to the San José General Plan, the entire SJMC site is designated Public/Quasi Public, which allows for public uses, joint public-private projects, and some private uses. The Planned Development A(PD) Zoning describes a hospital, medical offices and the inclusion of a heliport. Also, there are over ten permits that govern the implementation of a project on this property consistent with the General Plan and Planned Development Zoning. In sum the property entitlements are narrow and restrictive, thereby safeguarding the SJMC site for health care and medical related purposes.

#### Property Ownership:

Hospital Corporation of America (formerly Columbia/HCA) is the current owner of the property. Based on public records, HCA paid \$43.2M for the SJMC site in 1999. Details regarding individual buildings on the property may be obtained by contacting the HCA corporate office in Nashville, Tennessee. All inquiries may be directed to Mr. Howard Patterson, Vice President of Real Estate, at (615) 344-5962.

### **III. GOALS AND OBJECTIVES**

#### Goals of the City:

The City of San José seeks to ensure that medical and health care related services are restored and retained on the SJMC site. In accordance with the SJMC site history, established zoning, existing medical support services that adjoin the property as well

as the evidence of ongoing public health and safety needs in downtown, the City's specific goals include the following:

- To facilitate the provision of, and thereby improve the access to, medical and health care related services for the downtown community
- To facilitate the creation of a cluster of health care related providers, services and functions appropriate to population trends/needs in downtown San José
- Increase access to health care providers and services for vulnerable populations, including the elderly, the indigent and residents without private transportation
- Increase the stability of downtown businesses that provide medical support services and health care related supplies
- Maintain the City's progress in fostering economic vitality and growth in the downtown community
- Plan for the future of downtown San José, especially regarding the potential nexus of health care related services, providers, research and development with City planning goals, redevelopment project areas and economic development efforts.

Objectives of the RFQ:

The City of San José seeks to achieve the following objectives through the RFQ process:

- To identify interested health care provider groups and resources, both locally and nationally
- To establish qualifications and ability of providers, both individually and as partnership efforts
- To call out 'best-thinking' and creative strategies from the health care community

- To explore the variety of multi-use approaches currently available or conceivable
- To assist in the formation of logical partnerships and collaborative efforts
- To obtain preliminary business plans and review for collaborative potential

#### **IV. SUBMITTALS**

Respondents to this RFQ are requested to submit twelve (12) numbered sets of the information requested below.

##### Qualifications:

Respondents should provide any and all information concerning their qualifications as necessary based on the proposed business terms, including the type and scope of services and plans for the property. Respondents should demonstrate all proper and relevant licenses, certifications, permits, registrations, and references appropriate to the type of proposal submitted. That is, respondents should provide compelling evidence of their ability to legally and faithfully carry out their proposal. Such evidence may include, but is not limited to, official documents issued by the federal, state, city or county governments, health, construction, or training boards, professional certifications, degrees, memberships, and other pertinent documentation that demonstrates a history of successful industry practices.

At a minimum, respondents shall provide information that includes, but is not limited to, the scope of Qualifications listed below:

- *Identification of entity*
  - Please describe the entity and identification of the members, with names, addresses, and phone numbers of key representatives of each entity; provide relevant qualifications and project specific experience of the principals of the team; identify the person or persons with the authority to represent and make legally binding commitments on behalf of the team.

- *Experience*
  - Please describe relevant experience and evidence of successful industry practices.
- *Areas of expertise*
  - Please describe the scope and nature of areas of expertise; both of the entity and of the individual key representatives who will be responsible for business plan implementation.
- *References*
  - Please provide references, including name, title, company, address and telephone numbers, for persons who can provide information related to respondent's areas of expertise, ability and successful industry practices in the past.

Business Terms:

All respondents to the RFQ should present substantive Business Terms outlining their proposed reuse of the SJMC site. The submittal should reflect thoughtful planning, both for the short-term and long-term issues, and include compelling business plans and collaborative strategies where possible. In this case, Business Terms should be understood to include, but not be limited to, the following: property use, service delivery frameworks, nature and scope of proposed partnerships, and preliminary financial analyses. Ideally, submittals will include plans for all of the SJMC properties rather than select parcels only. ***Joint submittals are strongly encouraged.***

At a minimum, respondents shall provide information that includes, but is not limited to, the scope of Business Terms listed below:

- *Business Plan*
  - Please describe the scope and nature of the key aspects of the submittal, including property use(s), service delivery framework(s), the type and breadth of proposed partnerships, project timelines, and other information as appropriate to the proposed site plan.

- *Financial Capacity*
  - Please provide evidence of access to equity capital and financing resources in order to successfully support and manage proposed business plan.
- *References*
  - Please provide references, including name, title, company, address and telephone numbers, for persons who can provide information related to respondent's financial ability.

Respondents submitting information pursuant to this RFQ acknowledge and agree that the preparation of all materials for submittal are at their sole cost and expense, and the City shall not, under any circumstances, be responsible for any cost or expense incurred by the respondents in this regard. In addition, respondents acknowledge and agree that all submitted Qualifications shall remain the property of the City. ***Submittals are public records subject to disclosure under the Public Records Act.***

## **V. SELECTION PROCESS**

### Process:

A Pre-Submittal Meeting will be arranged for all interested respondents. This meeting will be held with representatives from the City on **April 4<sup>th</sup>, 2005, at 4:00 pm (PST)** located at San José City Hall, Conference Room 437, 801 North First Street, San José, California 95110. Any questions from potential respondents may be addressed to staff or consultants at this meeting. Questions answered at the meeting will also be summarized in writing. Written responses will be made available to all potential respondents who registered at this meeting.

The City of San José will begin the selection process following the submittal deadline indicated herein. The City is the sole and final decision-maker regarding this selection, and it reserves the right to reject any or all submittals or proposals. The City will conduct a phased selection process, outlined below, with each phase subject to the City's discretion.

- Phase 1:* RFQ submittal
- Phase 2:* Evaluation of submittals by City panel
- Phase 3:* Proceed to property agreement or RFP as appropriate

In Phase 1, respondents will submit statements of qualifications and business terms in response to this RFQ. Written submittals delivered by the deadline indicated herein will be reviewed and evaluated based on the Evaluation Criteria for Qualifications outlined below. Staff may then invite one or more respondents to submit and discuss additional business terms for conveyance and development of one or more parcels of the SJMC site. Thereafter, the City may proceed with the facilitation of a property agreement or a Request For Proposals as appropriate

During the Phase 2 review period, the City selection panel may, at their discretion, direct staff or consultants to contact references and industry sources, investigate previous projects and current commitments, interview some or all of the respondents and take any other information into account in their evaluation of the responses. The City reserves the right to request clarification or additional information from respondents, and to request that respondents make presentations to the Council, community groups or others.

Phase 3 may potentially lead to an agreement with one or more respondents. Upon execution of such agreement, selected respondent(s) shall each be required to provide a good faith deposit of \$20,000. This deposit shall be non-refundable.

#### Evaluation Criteria:

Respondents shall demonstrate that they possess the qualifications required to meet the health care needs of the community, satisfy the stated goals of the City, and carry out the plans they set forth in their submittal. Emphasis will be placed on the directly relevant qualifications and financial capacity of the respondent and its principals. Submittals will be evaluated based upon the following criteria:

1. Demonstrated experience in the successful operation and performance of facilities in urban locations.
  - (a) Ability of the respondent to implement a complex development on time and at budget.
  - (b) Prior experience and success in ongoing management and operations.
2. The respondent's proven ability to raise capital.
3. The respondent's ability to partner with other health care providers or local business groups.

4. Experience in working with the public sector in public/private projects, and willingness to engage in public outreach efforts to affected residents.
5. Establishment of clear lines of responsibility within the team on which the City can rely during negotiations and implementation of the project.
6. The quality of the urban design and architectural aspects of the respondent's previous projects.

Deadline:

Submittals must be received at City of San José, City Manager's Office Room 436, 801 North First Street, San José, California 95110 **no later than 5:00 pm (PST) on May 18<sup>th</sup>, 2005.**

All responses must be addressed to the attention of Mr. Jim Holgersson, Deputy City Manager, and titled "Request for Qualifications with Business Terms: Health Care Services."

Qualifications not received at the designated address before the specified deadline will not be accepted. Facsimile reproductions or electronic transmissions of the RFQ will not be accepted.

Waiver:

After review of submittals to the Health Care Services RFQ, the City, in its sole discretion, may invite one or more respondents to present additional information or may choose not to proceed with health care opportunities at this time. There is no guarantee that the City will decide to move forward with any proposed project based on any of the submittals to this RFQ.

## **VI. SCHEDULE**

Approximate schedule for selection for the "short list" is summarized below.

<u><b>Key Steps</b></u>	<u><b>Dates</b></u>
Issuance of RFQ	3/2/05
Pre-Submittal Meeting	4/4/05
Submittal Due	5/18/05
Review of Qualifications & Potential Interviews (Based on respondent availability)	5/31/05-6/3/05



## VII. LOCATION/LAND PARCEL MAP



## VIII. NEIGHBORHOOD BUSINESS DISTRICT MAP

**Redevelopment Project Area**

**East Santa Clara Street**



0 600 1200 Feet

THE REDEVELOPMENT AGENCY OF THE CITY OF SAN JOSE

## XIX. SAN JOSÉ DEMOGRAPHICS

### NATIONAL COMPARISON

*Population over 500,000*

RANK	CITY	MED HH INC.
<b>1</b>	<b>San José, California</b>	<b>\$82,431</b>
2	San Francisco, California	\$59,437
3	Boston, Massachusetts	\$54,166
4	Seattle, Washington	\$54,059
5	Nashville, Tennessee	\$49,676
*Comparison	Santa Monica, California	\$49,299
*Comparison	Pasadena, California	\$47,790

RANK	CITY	AVG HH INC.
<b>1</b>	<b>San José, California</b>	<b>\$95,526</b>
2	San Francisco, California	\$82,331
3	Seattle, Washington	\$71,867
4	Washington, D.C.	\$68,925
5	Dallas, Texas	\$66,250
*Comparison	Santa Monica, California	\$77,796
*Comparison	Pasadena, California	\$71,601

RANK	CITY	PER CAPITA INC.
1	Seattle, Washington	\$35,119
2	San Francisco, California	\$35,068
3	Washington, D.C.	\$31,868
<b>4</b>	<b>San José, California</b>	<b>\$30,856</b>
5	Denver, Colorado	\$30,542
*Comparison	Santa Monica, California	\$39,960
*Comparison	Pasadena, California	\$26,952

Based on the cities in the country with a minimum population of 500,000

\*Santa Monica population: 91,936 / Pasadena population: 139,037

Source: San José Redevelopment Agency

Claritas, Inc., Projections based on Census 2000, September 2002

## **SAN JOSÉ, CALIFORNIA**

### **FAST FACTS**

Founded in 1777 & Incorporated in 1850  
11<sup>th</sup> Largest City in the U.S./ 3<sup>rd</sup> Largest City in CA  
Encompasses 177 Square Miles with Population of 926,200  
Voted as a Most Livable City in 2004  
Best Place in the U.S. for Business and Careers\*  
Average Household Income is \$95,526  
Average Temperature of 70° Fahrenheit  
300 Days of Sunshine per Year

### ***Office***

Downtown is Home to 100 Tech Companies  
MAE-West is the Largest Internet and Exchange Point on West Coast  
7.2 Million Sq. Ft. of Existing Office Space in Downtown Area

### ***Visitor***

Over 6 Million Visitors Annually  
450,000 Sq. Ft. Convention Center with 80,000 Sq. Ft. Temporary Expansion in 2005  
Approximately 7,000 Hotel Rooms in the City  
Approximately \$1.089 Billion in Total Visitor Spending in San José in 2001

### ***Transportation***

One-Hour Drive from San Francisco  
Light Rail System and Caltrain Connect to Bay Area  
San José International Airport Services 10.7 Million Passengers Annually  
BART to extend to Downtown San José from Fremont, 2012

### **Sources:**

California State Department of Finance 2004  
San José Redevelopment Agency 2004  
Office of Economic Development, 2002  
Convention & Visitors' Bureau and SJC Airport, April 2002

*\*Forbes Magazine, 5/4/01*

## **DOWNTOWN SAN JOSÉ, CALIFORNIA**

### **7-Mile Radius Summary\***

<b>Population:</b>	<b>1,060,970</b>
<b>Projection:</b>	<b>130,000 newcomers to San José by 2020</b>
<b>Households:</b>	<b>335,255</b>
<b>Average HH Income:</b>	<b>\$99,772</b>
<b>Per Capita Income:</b>	<b>\$31,358</b>
<b>Median Age:</b>	<b>33</b>
<b>Education:</b>	<b>56% with “some college”</b>
	<b>25% with 4+ Years of College</b>
<b>Housing Values:</b>	<b>53% above \$400,000</b>
<b>Earning Income Breakdown:</b>	
	<b>18%: \$150,000-500,000</b>
	<b>22%: \$100,000-150,000</b>
	<b>16%: \$75,000-100,000</b>
	<b><i>Total = 57%: Over \$75,000</i></b>

\* Center of 7-mile demographic ring: Downtown San José, South 1<sup>st</sup> & San Fernando Streets.

Sources: San José Redevelopment Agency  
Claritas, Inc., Projections based on Census 2000, September 2002  
Pacific Marketing Associates, September 2002

---

## **DOWNTOWN SAN JOSÉ, CALIFORNIA**

### **Business and Employment Profile 2004**

#### **Daily Downtown Population:**

30,000 Office Workers  
60,000 - 100,000 (SJSU, Hotels, etc.)  
47,309 employees, excluding SJSU

#### **Unemployment Rate:**

9.2% in (8/03)

#### **Major Employers Downtown:**

Adobe Systems  
Callidus  
Knight-Ridder, Inc.  
San José State University  
Deloitte & Touche  
Price Waterhouse Coopers  
Datasweep Inc.

#### **Office Worker Profile**

Gender:	57% Male, 43% Female
Median Age:	37 Years Old
Median Household Income:	\$88,390
Legal Status:	54% Married, 36% Single
Household Type:	63% Adults Only / 37% with Children
Education:	67% with College Degree 27% with Graduate Degree
Residence:	48% Live in San José

#### **Office Space Profile**

Current Office Space:	6.8 Million Sq. Ft.
Office Space in Construction:	279,000 Sq. Ft.
Office Space in Development:	1.5 Million Sq. Ft.
Total Space in Area of Influence:	46 Million Sq. Ft.
Vacancy Rate:	20% (9/03)
Leasing Rate Ranges:	Avg. \$33.00

Sources: Claritas, Inc., Projections based on Census 2000,  
September 2002 Cornish & Carey – vacancy rate

## **DOWNTOWN SAN JOSÉ, CALIFORNIA**

### **2004 Population Facts**

<b><u>Daytime Population:</u></b>	60,000 – 100,000
<b><u>Daytime Office Population:</u></b>	Approximately 30,000
<b><u>Daytime Employee Population:</u></b>	47,309 (excluding SJSU)
<b><u>Residential Population:</u></b>	643,121 within 5 Mile Radius of San Fernando & South First Streets
<b><u>Average HH Income:</u></b>	\$92,002 within 5 Mile Radius
<b><u>Light Rail Ridership:</u></b>	
<b>Downtown Area:</b>	7,954 Average Weekly / 2.5 million Total Annually
<b>Citywide:</b>	20,866 Average Weekly/ 6.4 million Total Annually
<b><u>Visitor Profile:</u></b>	
<b>Total Overnight Visitors in 2002:</b>	1.8 Million
<b>Median HH Income of     Hotel/Motel Visitor:</b>	\$80,000
<b>Length of Stay:</b>	4.5 Days/Nights
<b>Average Daily Spending Per Hotel Visitor:</b>	\$103 Per Day
<b><u>San José State University Profile:</u></b>	
<b>Total Population:</b>	30,350 students and 1,622 faculty
<b>Average Student Profile:</b>	Female (54% of Student Body) Male (46% of Student Body) 20-24 Years of Age Employed

**Annual Downtown Events:\***

<b>Music in the Park</b>	55,000 Attendees in 2002
<b>Populus Presents Events</b>	400,000 Attendees in 2002
<b>Christmas in the Park</b>	400,000 Attendees in 2002
<b>San José Jazz Festival</b>	150,000 Attendees in 2003
<b>Tapestry N' Talent</b>	250,000 Attendees in 2002
<b>Cinequest Film Festival:</b>	54,000 Attendees in 2003
Cinequest was named one of the top ten film festivals worldwide by the prestigious <i>Ultimate Film Festival Survival Guide</i> , 2001.	Over 220 showings in 2003

***\*TOTALS: 1.5 million people attended 175 Downtown events in 2002.***

**Regularly Scheduled Downtown**

**Entertainment:\*\***

<b>San José Arena</b> (~170 Event days '02-'03)	1.4 Million Attendees
<b>Tech Museum of Innovation</b>	405,000 Visitors
<b>IMAX Theater</b>	400,000 Attendees
<b>Center for the Performing Arts</b>	301,144 Patrons
<b>Children's Discovery Museum</b>	277,327 Visitors
<b>San José Museum of Art</b>	175,000 Visitors
<b>Repertory Theater</b>	102,000 Patrons
<b>Camera Cinemas</b>	178,093 Attendees

***\*\*Average of 75,000 people attend events on a weekly basis.***

For more information on Entertainment & Cultural Events in Downtown San José, please refer to [www.sanJoseRetail.com](http://www.sanJoseRetail.com), or the Convention and Visitor's Bureau at [www.sanJose.org](http://www.sanJose.org).

Sources: San José Redevelopment Agency

Convention and Visitors' Bureau, August 2003

Claritas, Inc., Projections based on Census 2000, September 2002

Office of Cultural Affairs, April 2002

VTa, September 2002

The Business Journal, "The List", March 7, 2003,

BID fees, May 2002 (number of employees)



## **DOWNTOWN SAN JOSÉ, CALIFORNIA**

### **Psychographic Profile (7 mile radius)**

#### **Introduction**

Psychographics are a way to measure consumers' beliefs, opinions, and buying habits. Rather than demographics, which use age, income, gender and other quantitative data, psychographics provide a way to understand more qualitative data. Psychographics can be extremely helpful to predict differences in buying patterns and stimulating ideas for communicating with the target group.

#### **Summary**

There are 50 categories or segments of the "buying public" as defined by National Decision Systems. Of those 50 segments, several will be highlighted below. *In reviewing the final data, the base line index for normal comparison is 100, i.e. any number above 100 is above the norm while any number below 100 is below the norm.*

<b><u>Segment</u></b>	<b><u>Index</u></b>	<b><u>% of HH 7-Mile</u></b>
<b>A. "Mid-Life Success"</b>	<b>627</b>	<b>23%</b>

Mid-Life Success. These are households with very high income living in suburban areas. They are homeowners with very high property values, primarily working in white-collar occupations such as sales.

This segment is very likely to own a PC, and use on-line and Internet Services. They are more likely than average to save over \$20,000 annually, and 20% have more than \$200,000 in investable assets. They keep informed by reading newspapers and news magazines, and listening to NPR and news radio stations.

<b>B. "Great Beginnings"</b>	<b>266</b>	<b>13.2%</b>
------------------------------	------------	--------------

Great Beginnings. Households with one or two adults, renting in urban and suburban areas. Their household income is slightly higher than average, as is the percent with college degrees and white-collar occupations.

This segment is likely to eat in Mexican and Asian restaurants. They exercise in a variety of ways including: tennis, weightlifting, jogging, aerobics, & going to the beach. They drive imported cars, own pagers and are heavy Internet users. They watch MTV and VH-1, and listen to Top-40 and classic rock stations.

**C. “Prosperous Metro Mix”                      688                      16%**

These are typically married couples with young children, living in suburban and urban areas. They have high income and education levels, are homeowners and work in white-collar occupations.

This segment is very likely to have a mortgage on their primary residence and they have the highest share of second mortgages. They are the most likely of all segments to have shopped at Home Depot in the past month.

**D. “A Good Step Forward”                      158                      4.7%**

These are typically 25 to 39 year olds living in non-family households with one or two people. They are concentrated in urban areas, are renters, have above average household and per capita income.

A Good Step Forward individuals are likely to read *Vogue*, *Glamour*, *Cosmopolitan*, and other women’s fashion magazines, along with *Rolling Stone* and *GQ*. They listen to classic rock radio stations and watch VH-1. They are also likely to have renter’s insurance, own mutual funds, eat at upscale restaurants, and shop at The Gap.

**E. “Home Sweet Home”                      55                      3.8%**

These households are typically married couples with one or no children at home. They have an above average household income, own their home, and are primarily concentrated in the suburbs.

This segment tends to have a great deal invested in their homes. They get their carpets professionally cleaned, shop at Home Depot, and have had a home energy audit. Relatively high percentages finance these and other improvements with a home equity line of credit or a second mortgage.

**F. “Upper Crust” 144 4.4%**

Upper Crust. These are families with older children located in the suburbs. They have very high levels of income and education and work in executive and managerial, sales, and other white-collar occupations.

These are the most active households in many financial services including: investing in stocks, mutual funds, money market accounts, and using brokerage services. They are large contributors to PBS and shop at high-end department. They are very likely to own a cellular phone, two or more home PCs, and a home fax machine. They like to keep informed by reading *The Wall Street Journal* and listening to all news radio stations, and they relax by listening to NPR and classical music radio stations.

**G. “Movers & Shakers” 116 3.4%**

Movers and Shakers. These are typically households containing singles and couples with two workers and no children. They live in the suburbs and some urban areas and have high levels of education and income.

They are over twice as likely to dine at upscale and full-service ethnic restaurants, own a PC which they use for on-line and Internet services, and to obtain investments from a full-service broker. They are more than twice as likely as average to listen to NPR and classical music on the radio.

<u>Summary</u>	<u>7-mile radius</u>
<b>Total Households:</b>	<b>335,255</b>
<b>Total Residents:</b>	<b>1,060,970</b>
<b>Total %:</b>	<b>68.5%</b>

Sources: San José Redevelopment Agency  
MicroVision – 50 Segment Descriptions, July 1998  
MicroVision Area Profile Report. Claritas, Inc., September 2002  
Projections based on Census 2000.

## **DOWNTOWN SAN JOSÉ, CALIFORNIA**

### ***Culture, Arts & Entertainment and Transportation Profile***

#### **Major Venues & Performing Arts**

<b>San José Arena</b>	20,000 seats & 24 luxury boxes	San José Sharks NHL Hockey Major Concerts Sabercats Arena Football
<b>José Theatre</b>	450 seats	The Improv Comedy Club
<b>Center for the Performing Arts</b>	2,071 seats	American Musical Theatre of San José & Ballet Silicon Valley
<b>Repertory Theater</b>	525 seats	San José Repertory Theatre San José Taiko
<b>Montgomery Theater</b>	536 seats	SJ Children's Musical Theater
<b>Restored California Fox Theatre</b>		Home of Opera San José

#### ***Museums***

<b>San José Museum of Art</b>	<b>Children's Discovery Museum</b>
<b>Tech Museum of Innovation</b>	<b>Peralta Adobe &amp; Fallon House</b>
<b>MACLA</b>	<b>Museum of Quilts &amp; Textiles</b>
<b>Institute of Contemporary Art</b>	

#### ***Selection of Restaurants***

<b>Il Fornaio</b>	<b>Agenda Restaurant and Lounge</b>
<b>Bella Mia</b>	<b>Stratta Grill</b>
<b>Gordon Biersch Brewery</b>	<b>Spiedo Ristorante</b>
<b>71 Saint Peter</b>	<b>Hawg's Seafood Bar</b>
<b>E&amp;O Trading Company</b>	<b>The Grill on the Alley</b>

*(Restaurants cont'd)*

**A.P. Stumps**

**Emile's**

**Scott's Seafood**

**McCormick & Schmicks**

**Coming soon: Melting Pot, Zyng Asian Grille, and Flames!**

**Blake's Steakhouse and Bar**

**Tied House**

**San José Bar & Grill**

**P.F. Chang's**

**Public Transportation**

**VTa Light Rail:**

**7,954** Average Weekly /

**Downtown Ridership:**

**2.5 million** Total Annually

**20,866** Average Weekly /

**Citywide Ridership:**

**6.4 million** Total Annually

Santa Clara County Light Rail System  
to be **42.5 miles** by 2005

**VTa Bus Service:**

Average Weekday Ridership in City  
of San José **119,475**

Average Weekday Boarding or  
Deboarding at Downtown Light Rail  
Stations **7,954**, at Bus Stations **18,508**

**Shuttle Services:**

VTa Light Rail Shuttle

Arena Event Shuttle

Downtown Area Shuttle (DASH)

**CalTrain:**

Originates at Downtown San José's  
Diridon Station with Service to San  
Francisco to the North & Gilroy to the  
South.

**Altamont Commuter Express:**

Provides Rail Commute Service from San José through Fremont & Pleasanton to Stockton.

**Bay Area Rail Transit (BART):**

By 2008, BART is expected to extend 21.7 miles from Fremont through Milpitas to Downtown San José and the Santa Clara Caltrain Station. Projected weekday ridership is over 78,000.

**San José International Airport\***

**Scope:**

More than 13.1 Million Passengers Annually  
388 Commercial Flights Daily with 14 Major Carriers

Non-stop to 36 U.S. Cities

**Location:**

2 Miles from Downtown San José

**10 Year Expansion:**

Accommodation of 17.6 Million Passengers

20% Increase in Daily Flights

\$150M Rental Car & Public Parking Facility

Runway Extensions

Renovation of Terminal C

Addition of New Terminal B

**Freeway Access:**

Downtown Access to Highways 87 & 280, and connecting to Highways 85, 101, 880 & 680.

---

\* Sources: San José Redevelopment Agency, September 2002

<http://www.sjc.org/>, San José International Airport Website, September 2002

The Projected Economic Impacts of the SJIA Master Plan Update Alternatives, 1996

San José International Airport Master Plan Update, 1999

## X. RECOMMENDED WEBSITES

<b>Name of Organization</b>	<b>Web Address</b>
City of San José	<a href="http://www.sanjoseca.gov">www.sanjoseca.gov</a>
San José Mayor's Office	<a href="http://www.sjmayor.gov">www.sjmayor.gov</a>
San José Redevelopment Agency	<a href="http://www.sjredevelopment.org">www.sjredevelopment.org</a>
America's Most Livable Cities 2004: San José	<a href="http://www.mostlivable.org">www.mostlivable.org</a>
San José Office of Economic Development	<a href="http://www.sjeconomy.com">www.sjeconomy.com</a>
San José Department of Housing	<a href="http://www.sjhousing.com">www.sjhousing.com</a>
San José Planning, Building and Code Enforcement	<a href="http://www.sanjoseca.gov/planning/">www.sanjoseca.gov/planning/</a>
San José Convention and Visitors Bureau	<a href="http://www.sanjose.org">www.sanjose.org</a>
San José Downtown Association	<a href="http://www.sjdowntown.com">www.sjdowntown.com</a>
San José Silicon Valley Chamber of Commerce	<a href="http://www.sjchamber.com">www.sjchamber.com</a>
Joint Venture Silicon Valley Network	<a href="http://www.jointventure.org">www.jointventure.org</a>
Northern California Council for the Community	<a href="http://www.ncccsf.org">www.ncccsf.org</a>
Association of Bay Area Governments	<a href="http://www.abag.org">www.abag.org</a>
State of California	<a href="http://www.ca.gov">www.ca.gov</a>
California Redevelopment Association	<a href="http://www.calredevelop.org">www.calredevelop.org</a>
County of Santa Clara	<a href="http://www.sccgov.org">www.sccgov.org</a>
Santa Clara Transportation Authority	<a href="http://www.vta.org">www.vta.org</a>
Lenders for Community Development	<a href="http://www.l4cd.com">www.l4cd.com</a>